

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMLC-029418B

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.
N/A

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Lea C Federal #17

2. Name of Operator
Capstone Natural Resources, LLC

9. API Well No.
30-015- **40879**

3a. Address
200 North Loraine, Suite 1225, Midland, Texas 79701

3b. Phone No. (include area code)
432-664-5477

10. Field and Pool or Exploratory Area
Grayburg Jackson; SR-Q-G

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330' FSL & 330 FEL **SEC. 11, T17S, R31E**

11. Country or Parish, State
Eddy County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

- ☐ Acidize
☐ Alter Casing
☐ Casing Repair
☐ Change Plans
☐ Convert to Injection

TYPE OF ACTION

- ☐ Deepen
☐ Fracture Treat
☐ New Construction
☐ Plug and Abandon
☐ Plug Back
- ☐ Production (Start/Resume)
☐ Reclamation
☐ Recomplete
☐ Temporarily Abandon
☐ Water Disposal

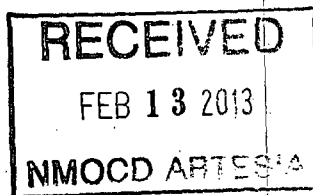
- ☐ Water Shut-Off
☐ Well Integrity
☐ Other **Drilling rig contractor**
change on pending APD

APPROVED

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

We have changed drilling contractors and want to update our approved APD. The updated rig plats are attached.

*OK Legind only 2-4-2013
Comply with APD CORAS*



Accepted for record
NMOC D
1/9/2013

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Darren Seglem

Title Production Manager

Signature

Date

1/9/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
/s/ Don Peterson

FIELD MANAGER

FEB - 8 2013

Title

Date

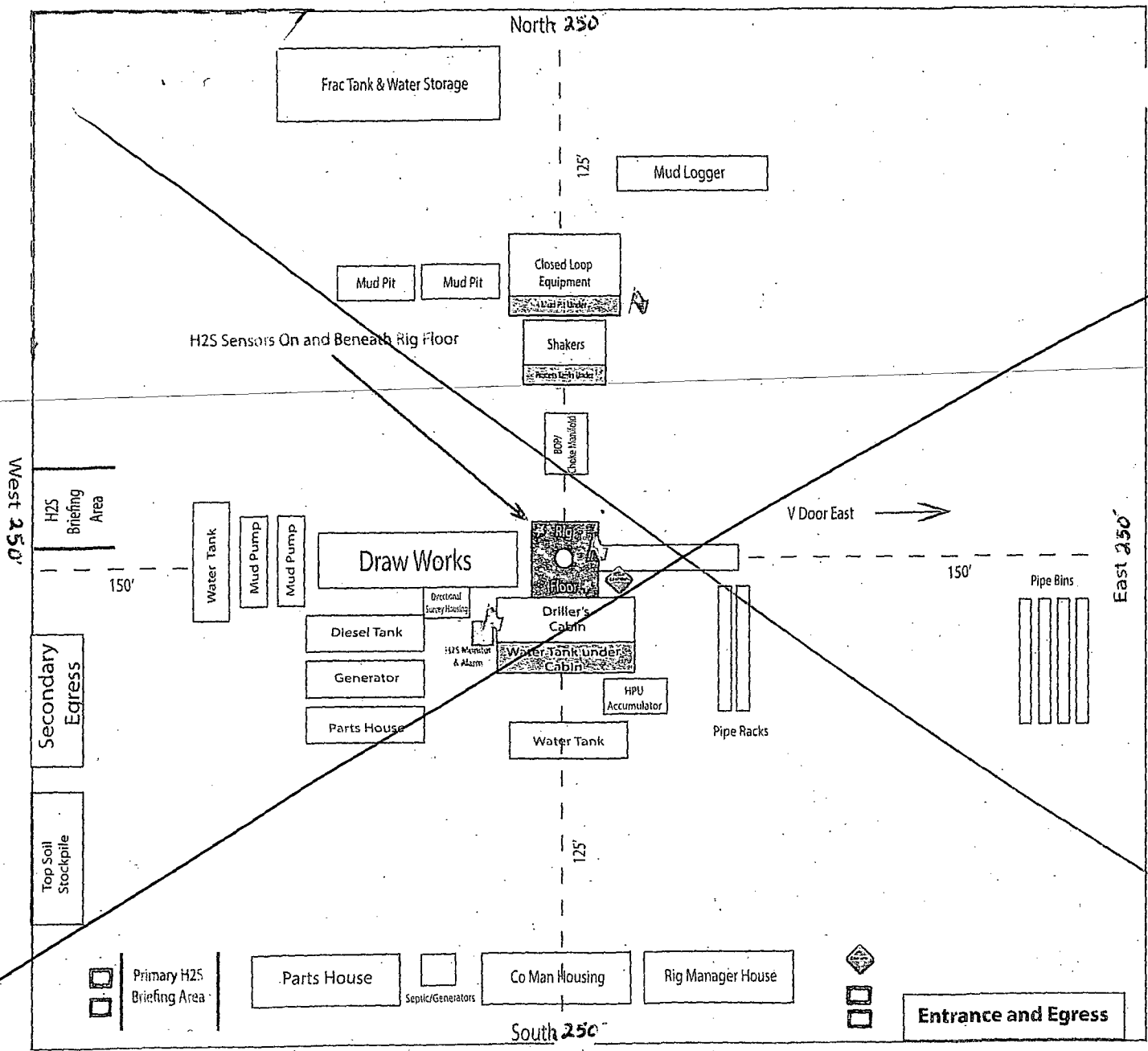
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office **CARLSBAD FIELD OFFICE**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

EXHIBIT N
Rig Layout
Closed Loop Operations
H2S Briefing Areas

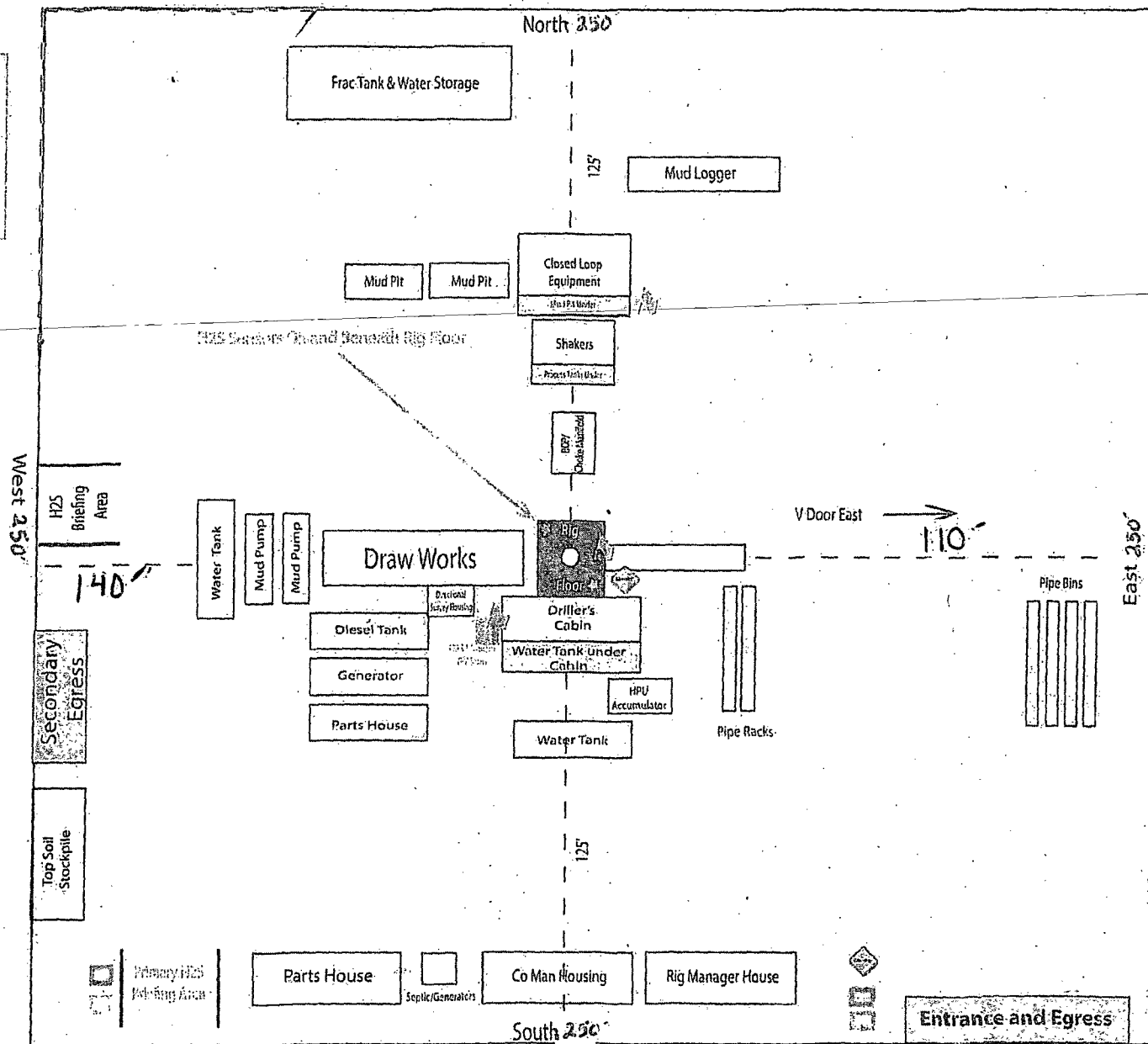


Capstone Natural Resources

- Site Conditions**
1. Prevailing wind from the southwest
 2. Cut of Northwest corner to avoid dunes
 3. Top Soil Stock Pile West Side of Pad
 4. Angle road through sand dunes, partial use of MU line ROW

- Wellhead Location
 - Safe Zone
 - SCBA
 - ↗ Wind Direction Indicator
 - ⚠ Caution/Warning Sign
 - ★ H2S Sensors
- Location Dimensions
 200' x 240' x 300' x 300'
 Approx. Scale: 1" = 25'

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